



U. S. Department of Justice

*United States Attorney
Northern District of Illinois*

*Patrick J. Fitzgerald
United States Attorney*

*Federal Building
219 South Dearborn Street, Fifth Floor
Chicago, Illinois 60604
(312) 353-5300*

**FOR IMMEDIATE RELEASE
TUESDAY, FEBRUARY 10, 2004**

**PRESS CONTACTS:
AUSA/PIO Randall Samborn
(312) 353-5318**

**FORMER McPIER OFFICIALS, CONSTRUCTION CONSULTANTS AND LOBBYING
FIRM INDICTED IN ALLEGED BID FRAUD SCHEME FOR \$800 MILLION PROJECT**

CHICAGO – Six defendants were indicted today on federal corruption charges alleging they participated in a bid-manipulation scheme to steer an \$11.5 million contract to a construction management firm that was hired in 2001 to oversee an \$800 million expansion of McCormick Place in Chicago. The defendants include **Scott Fawell**, former chief executive officer of the Metropolitan Pier and Exposition Authority (MPEA); his top assistant, **Andrea Coutretsis**; two former employees of Jacobs Facilities, Inc., a St. Louis-based consulting firm that has overseen the expansion project; **Ronan Potts LLC**, a Chicago-based lobbying firm; and **Julie Starsiak**, a former officer of Ronan Potts who represented Jacobs in helping to obtain the MEPA contract. The nine-count indictment also alleges that Fawell engaged in a fraud scheme by misusing MPEA funds and bestowing bogus contracts and favors for vendors, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois. The charges stem from *Operation Safe Road*, a nearly six-year-old investigation of corruption in state government.

The indictment alleges that in 2001 Fawell and Coutretsis provided confidential, non-public information to Ronan Potts, through Starsiak, who, in turn, relayed the information to Jacobs employees in order to assist Jacobs in obtaining the contract. The Jacobs employees allegedly used the inside information and reduced the firm's initial bid from \$18.8 million to \$11.5 million, eventually winning the contract to manage the \$800 million West Expansion Project that entailed

construction of 2 million square feet of new facilities and renovation of existing space at Chicago's lakefront convention complex. Between 1999 and 2002, a Ronan Potts principal and close associate of Fawell, identified as "Fawell Associate 1," offered Fawell, and Fawell accepted, such gifts as meals, golfing, entertainment, vacations and contributions to his legal defense fund.

The defendants and charges are as follows:

Scott Fawell, 46, formerly of St. Charles, who was appointed CEO of MPEA in January 1999 by former Gov. George Ryan and held the position until the end of 2002. Between 1991 and 1999, he was chief of staff for then Secretary of State Ryan and also served as an official of Ryan's political organization, Citizens For Ryan. He was charged with five counts of mail fraud and one count of wire fraud;

Alexandra Coutretsis, also known as "Andrea Prokos," 34, of Long Grove, who was a top aide to Fawell and Ryan in the 1990s and, later, Fawell's executive assistant at MPEA until mid-2000, when he named her director of operations. She was charged with one count of mail fraud. Under the terms of an earlier plea agreement, Coutretsis, who is cooperating with the government, is expected to plead guilty to the charge;

Ronan Potts LLC, a Chicago-based lobbying firm created in September 1998 whose principals included Fawell Associate 1. From its formation through November 2002, Ronan Potts had a written agreement with Jacobs Engineering Inc., to provide lobbying services in return for \$4,000 a month until July 2001, when the amount increased to \$6,000 a month in return for additional services. The \$6,000 monthly retainer continued through February 2003, with the payments deposited into a Ronan Potts bank account at LaSalle Bank. The firm was charged with two counts of mail fraud and one count of wire fraud.

James Nagle, 41, of Glen Ellyn, a former Jacobs employee since late 1995, Nagle became the Chicago office manager for Jacobs in 1991 and was the chief operations person for the firm's efforts to obtain the West Expansion Project consulting contract. He was charged with one count of making false statements;

Elizabeth Koski, 35, of Elmhurst, a former Jacobs employee since August 2000, Koski became the director of business development and sales in the Chicago office in 2001 and was the chief sales person for Jacobs' effort to obtain the consulting contract. She was charged with one count of making false statements;

Julie Starsiak, 56, of Chicago, a former vice president of Ronan Potts and a registered lobbyist with the State of Illinois, who engaged in lobbying efforts for various government agencies along with Fawell Associate 1. She was Ronan Potts' principal contact for Jacobs in its efforts to obtain the consulting contract. Starsiak,

who was granted immunity except for perjury or making false statements, was charged with one count of making false statements.

The defendants will be arraigned at a later date in U.S. District Court.

In addition to the fraud charges, the indictment seeks forfeiture from Fawell and Ronan Potts of at least \$96,000, representing proceeds of the Ronan Potts-Jacobs agreement that were deposited into the lobbying firm's bank account, and all benefits that Fawell received from Ronan Potts and Fawell Associate 1.

"Bids on public contracts should be open and above board. The notion that persons inside McPier provided sealed bid information to a lobbying firm to pass on to a contractor who used the information to win a contract is wrong on many levels. Today's indictment holds the McPier officials, the lobbying firm and participating managers at the contracting firm accountable for this allegedly corrupt conduct. The belief that the 'fix' is in concerning public contracts must end so that honest companies will participate fully in the bid process for the benefit of the public," Mr. Fitzgerald said.

Mr. Fitzgerald announced the charges with Anita L. Davidson, Inspector-in-Charge of the U.S. Postal Inspection Service in Chicago; J.D. Nichols, Special Agent-in-Charge of the U.S. Department of Labor, Office of Inspector General, in Chicago; and Thomas J. Kneir, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation. The investigation is continuing, they said.

According to the indictment, the bid-manipulation scheme began in the spring of 2001 when state funding for the McCormick Place expansion project was approved. Fawell then had a series of conversations with an associate in which he agreed to steer the consulting contract to "Company B," a construction and engineering firm, in return for Company B providing Fawell various personal financial benefits, including employment in the future. After agreeing with Fawell Associate 2 to

steer the contract to Company B, Fawell and Associate 2 agreed that Fawell should not pursue assisting Company B because of their belief that a federal Grand Jury investigation was focusing on Fawell.

As part of alleged fraud scheme, before the Aug. 28, 2001, deadline for sealed bid packages, Fawell informed Coutretsis that Ronan Potts was representing Jacobs in the firm's efforts to obtain the MPEA consulting contract. After Fawell spoke with Fawell Associate 1, he informed Coutretsis that Starsiak, an officer of Ronan Potts, would be her contact for Jacobs in the contract process, and he directed Coutretsis to provide Starsiak with all information relating to the contract that his office received.

From then, the alleged scheme involved four specific disclosures to Ronan Potts involving 1) sealed pricing, 2) short-listing bidders, 3) minority firm participation, and 4) the information that the lowest final bid would win. More specifically, the indictment alleges the following:

- ▶ on Aug. 30, 2001, after seven teams submitted sealed bid packages to MPEA, Coutretsis provided the competitors exact bid amounts to Starsiak to assist Jacobs' efforts to win the contract. Coutretsis told Fawell of her actions and Fawell approved the disclosure. Starsiak, in turn, provided the confidential pricing information to Fawell Associate 1 and Nagle, allowing Jacobs officials to use the information in their efforts to obtain the contract. One team submitted a low bid of \$12.9 million, followed by Jacob's second-lowest bid of approximately \$18.8 million;

- ▶ in early October 2001, four of the seven teams were placed on a "short list," and invited for an in-person interview with a MPEA committee that included Fawell and Coutretsis. With Fawell's knowledge and concurrence, Coutretsis provided the short list and interview information to Starsiak to assist Jacobs. On Oct. 2, 2001, Starsiak relayed the non-public information to Koski, giving Jacobs more than two weeks additional time to prepare for the interview before MPEA officially notified the four finalists of making the short list. After completing the interviews, the MPEA committee recommended that each bidder be given an opportunity to submit a "best and final offer" within 24 hours, even though MPEA was not required to select the lowest bidder for the contract;

- ▶ before the Oct. 25, 2001 interviews of the short list teams, with Fawell's knowledge and concurrence, Coutretsis provided non-public information about how the other bidders planned to satisfy minority-firm participation goals to Starsiak to assist Jacobs. On Oct. 19, 2001, Starsiak relayed the information to

Koski, enabling Jacobs to highlight the comparative strengths of its minority-firm participation; and

- ▶ after the Oct. 25, 2001 interviews, with Fawell's knowledge and concurrence, Coutretsis told Starsiak about the committee's decision to select the lowest bid among the best and final offers to assist Jacobs. The same day, Starsiak relayed the confidential information to Jacobs, enabling it to develop its final bid number knowing that it had to be the lowest to win. As a result, Jacobs' final \$11.5 million bid was lower than the bids of all the other short list firms, which did not receive any confidential information.

Between 1999 and March 2002, Fawell allegedly engaged in a related fraud scheme in which he caused MPEA to spend public funds for his personal benefit and the benefit of his associates, including 1) spending a total of \$16,500 to determine whether his office and vehicle were being electronically monitored by federal law enforcement; 2) steering a \$24,000 contract to "Fawell Associate 3," a close personal associate, and her business partner, even though he was aware that they did little work, and, later, paying an additional \$6,000 to Fawell Associate 3 and her business partner, even though no work was performed in return for the payment; 3) paying for the personal use of the McCormick Place Hyatt Hotel by Fawell, Fawell Associate 1, and Coutretsis; and 4) providing benefits to two vendors seeking to do business with MPEA, in return for receiving such gifts as vacation benefits and free installation and service of a satellite dish for his residence.

The indictment alleges that Nagle made materially false statements to investigators on July 18, 2003, when he said: 1) After Jacobs submitted its initial bid to the MPEA there was no involvement by Ronan Potts on Jacobs' behalf; and 2) Jacobs never had any information prior to its submission of the "best and final offer" on where its number had to be or what the bids of the competitors were.

The indictment alleges that Koski made materially false statements to investigators on July 18, 2003, when she said: 1) She had not met with Starsiak on an occasional basis to discuss the proposal to MPEA regarding the consulting contract; 2) While she had a conversation with Starsiak, in which Starsiak recommended that Koski contact MPEA board members, this conversation was

the only conversation she recalled having with Starsiak concerning the contract; and 3) There was definitely an effort to distance Ronan Potts from any involvement in assisting Jacobs with securing the contract.

The indictment alleges that Starsiak, while under immunity, made materially false statements to investigators on July 16, 2003, when she said: 1) After Jacobs submitted its initial bid, Fawell Associate 1 called her into his office and stated, “Get Nagle on the phone.” Starsiak then overheard Fawell Associate 1 tell Nagle, words to the effect of: “If it’s in your best interest, you need to lower your price,” by what Starsiak recalled was either a specific dollar amount or a percentage; and 2) She could not recall ever having a conversation with Nagle about the bid price for the contract, however, she overheard the previously-described conversation between Nagle and Fawell Associate 1.

If convicted, each fraud and false statement count in the indictment carries a maximum penalty of five years in prison and a \$250,000 fine. The Court, however, would determine the appropriate sentence to be imposed under the United States Sentencing Guidelines.

Today’s indictment brings to 71 the number of defendants, including at least 30 current or former state employees or officials, who have been charged since *Operation Safe Road* began in 1998. Of those, 59 have been convicted and cases are pending against 12 defendants.

The government is being represented by Assistant U.S. Attorneys Patrick M. Collins, Scott Levine and Gayle Littleton.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

###